



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
CAMPBELL COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2001

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE CAMPBELL COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

This Executive Summary provides an overview of Campbell County Fiscal Court's financial activities for the fiscal year ended June 30, 2001. This summary should be read in conjunction with the County's financial statements that follow.

The Auditor of Public Accounts has completed the Campbell County Fiscal Court audit for fiscal year ended June 30, 2001. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Highlights:

- The County's cash balance (including investments & stock certificates) as of June 30, 2001 was \$10,619,637, which represents a \$2,038,481 increase over the cash balance as of June 30, 2000.
- Operating revenue increased by \$3,280,745 over the prior year and budgeted expenditures increased by \$1,935,199 during the same period.

Investments:

The County's investments as of June 30, 2001 were Federal Home Loan Mortgage Discount Notes and Federal National Mortgage Association Discount Notes in the amount of \$3,880,076. These investments are guaranteed by the Federal Government.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Steve Pendery, Campbell County Judge/Executive

Members of the Campbell County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Campbell County, Kentucky, as of June 30, 2001, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Campbell County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Housing Assistance Payments Program, the Housing Voucher Program, the Parks Corporations and Public Properties Corporation, A. J. Jolly Park, and Lakeside Terrace Apartments HUD Project No. 083-44012-236. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Housing Assistance Payments Program, the Housing Voucher Program, the Parks Corporations and Public Properties Corporation, A. J. Jolly Park, and Lakeside Terrace Apartments HUD Project No. 083-44012-236 is based on the reports of the other auditors, and their reports are included as Appendices B through E.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Campbell County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Steve Pendery, Campbell County Judge/Executive
Members of the Campbell County Fiscal Court

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2001 of Campbell County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

In accordance with Government Auditing Standards, we have also issued our report dated April 25, 2002 on our consideration of Campbell County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Campbell County, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 25, 2002

CAMPBELL COUNTY OFFICIALS

Fiscal Year Ended June 30, 2001

Fiscal Court Members:

Steve Pendery	County Judge/Executive
David E. Otto	Commissioner
William J. Verst	Commissioner
Roland T. Vories	Commissioner

Other Elected Officials:

Justin Verst	County Attorney
Greg Buckler	Jailer
Jack D. Snodgrass	County Clerk
Thomas J. Calme	Circuit Court Clerk
John Dunn	Sheriff
Mariann G. Dunn	Property Valuation Administrator
Mark G. Schweitzer	Coroner

Appointed Personnel:

Diane Bertke	County Treasurer
Linda Eads	Occupational Tax Administrator
Larry Sabo	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

CAMPBELL COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2001

Assets and Other Resources

Assets

General Fund Types

General Fund:

Cash	\$ 2,476,644
Investments	655,407
Stock Certificates	1,200

Road and Bridge Fund:

Cash	126,156
------	---------

Jail Fund:

Cash	165,696
------	---------

Occupational Employment Tax Funds:

Transit Authority of Northern Kentucky (TANK) Tax Fund -

Cash	3,299,466
Investments	3,224,669

Mental Health Tax Fund -

Cash	474,924
------	---------

Senior Citizens Tax Fund -

Cash	107,931
------	---------

Health Insurance Revolving Account - Cash

3,115

Payroll Revolving Account - Cash

153

\$ 10,535,361

Special Revenue Fund Types

Campbell County Health Services, Inc. - Human Resources Fund:

Cash	\$ 21
------	-------

Senior Citizens Picnic Fund:

Cash	1,354
------	-------

Public Safety Communications Center Fund:

Cash	87,369	88,744
------	--------	--------

Total Assets and Other Resources

\$ 10,624,105

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2001
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund Types

Health Insurance Revolving Account	\$	3,115	
Payroll Revolving Account		<u>153</u>	\$ 3,268

Fund Balances

Reserved:

Special Revenue Fund Type

Campbell County Health Services, Inc. - Human Resources Fund	\$	21	
Senior Citizens Picnic Fund		1,354	
Public Safety Communications Center Fund		<u>87,369</u>	88,744

Unreserved:

General Fund Type

General Fund	\$	3,133,251	
Road and Bridge Fund		126,156	
Jail Fund		165,696	
Occupational Employment Tax Funds -			
TANK Tax Fund		6,524,135	
Mental Health Tax Fund		474,924	
Senior Citizens Tax Fund		<u>107,931</u>	<u>10,532,093</u>
Total Liabilities and Fund Balances			<u>\$ 10,624,105</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

CAMPBELL COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2001

	<u>General Fund Types</u>			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 18,294,405	\$ 8,398,534	\$ 875,480	\$ 1,157,611
Transfers In	3,833,290	1,929,895	801,585	1,091,000
Tax Anticipation Note	3,900,000	3,900,000		
Northern Kentucky Health District	159,634			
Other Revenue	11,017			
	<u>26,198,346</u>	<u>14,228,429</u>	<u>1,677,065</u>	<u>2,248,611</u>
Total Cash Receipts	<u>\$ 26,198,346</u>	<u>\$ 14,228,429</u>	<u>\$ 1,677,065</u>	<u>\$ 2,248,611</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 15,808,399	\$ 7,474,353	\$ 1,601,694	\$ 1,969,478
Transfers Out	3,833,290	1,806,000	7,720	1,269
Transfers to Public Properties Corporation - Multiple Projects - Debt Service				
Requirements	442,048	133,101	100,394	193,844
Tax Anticipation Note	3,900,000	3,900,000		
Indigent Healthcare	159,634			
Other Disbursements	16,494			
	<u>24,159,865</u>	<u>13,313,454</u>	<u>1,709,808</u>	<u>2,164,591</u>
Total Cash Disbursements	<u>\$ 24,159,865</u>	<u>\$ 13,313,454</u>	<u>\$ 1,709,808</u>	<u>\$ 2,164,591</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 2,038,481	\$ 914,975	\$ (32,743)	\$ 84,020
Cash Balance - July 1, 2000*	<u>8,581,156</u>	<u>2,217,076</u>	<u>158,899</u>	<u>81,676</u>
Cash Balance - June 30, 2001*	<u>\$ 10,619,637</u>	<u>\$ 3,132,051</u>	<u>\$ 126,156</u>	<u>\$ 165,696</u>

*Cash Balance Includes Investments; General Fund Cash Balance Includes \$1,200 in Stock Certificates.

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2001
 (Continued)

General Fund Types				Special Revenue Fund Types	
Local Government Economic Assistance Fund	Occupational Employment Tax Funds			Campbell County Health Service, Inc., Human Resources Fund	Senior Citizens Picnic Fund
	TANK Tax Fund	Mental Health Tax Fund	Senior Citizens Tax Fund		
\$ 5,688 6,810	\$ 6,241,618	\$ 633,733	\$ 315,592	\$	\$ 4,000
				159,634	11,017
<u>\$ 12,498</u>	<u>\$ 6,241,618</u>	<u>\$ 633,733</u>	<u>\$ 315,592</u>	<u>\$ 159,634</u>	<u>\$ 15,017</u>
\$ 21,041 4	\$ 3,307,376 1,961,000	\$ 504,425 33,018	\$ 297,092 22,518	\$	\$ 133
			14,709		
				159,634	16,494
<u>\$ 21,045</u>	<u>\$ 5,268,376</u>	<u>\$ 537,443</u>	<u>\$ 334,319</u>	<u>\$ 159,634</u>	<u>\$ 16,627</u>
\$ (8,547) 8,547	\$ 973,242 5,550,893	\$ 96,290 378,634	\$ (18,727) 126,658	\$ 21	\$ (1,610) 2,964
<u>\$ 0</u>	<u>\$ 6,524,135</u>	<u>\$ 474,924</u>	<u>\$ 107,931</u>	<u>\$ 21</u>	<u>\$ 1,354</u>

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2001
 (Continued)

	<u>Special Revenue Fund Types</u>		
	Emergency Shelter Grant Fund	Waterline Grant Fund	Public Safety Communications Center Fund
<u>Cash Receipts</u>			
Schedule of Operating Revenue	\$ 10,000	\$ 568,780	\$ 87,369
Transfers In			
Tax Anticipation Note			
Northern Kentucky Health District			
Other Revenue			
Total Cash Receipts	<u>\$ 10,000</u>	<u>\$ 568,780</u>	<u>\$ 87,369</u>
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 10,000	\$ 622,940	\$
Transfers Out		1,628	
Transfers to Public Properties Corporation			
Multiple Projects - Debt Service			
Requirements			
Tax Anticipation Note			
Indigent Healthcare			
Other Disbursements			
Total Cash Disbursements	<u>\$ 10,000</u>	<u>\$ 624,568</u>	<u>\$ 0</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$	\$ (55,788)	\$ 87,369
Cash Balance - July 1, 2000*		55,788	
Cash Balance - June 30, 2001*	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 87,369</u>

*Cash Balance Includes Investments; General Fund Cash Balance Includes \$1,200 in Stock Certificates.

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Campbell County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Housing Assistance Payments Program, the Housing Voucher Program, the Public Parks Corporation, the Public Properties Corporation, A. J. Jolly Park, and Lakeside Terrace Apartments HUD Project No. 083-44012-236, which are audited by other auditors and are included as Appendices B through E, as part of the reporting entity.

Additional - Campbell County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Campbell County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Campbell County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Campbell County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA), and the Occupational Employment Tax Funds (which includes the TANK Tax Fund, the Mental Health Tax Fund, and the Senior Citizens Tax Fund).

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Campbell County Health Service, Inc., Human Resources Fund, the Senior Citizens Picnic Fund, the Emergency Shelter Grant Fund, the Waterline Grant Fund, and the Public Safety Communications Center Fund of the Fiscal Court are reported as Special Revenue Fund Types.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Campbell County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Parks Corporation and the Public Properties Corporation Fund because bond indentures and other relevant contractual provisions require specific payments to and from these funds annually and transfers are budgeted in the General Fund Type/Special Revenue Fund Type to comply with these requirements. The Department for Local Government does not require these funds to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

CAMPBELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.78 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits and Investments

A. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2001, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

CAMPBELL COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2001
 (Continued)

Note 3. Deposits and Investments (Continued)

B. Investments

The county's investments are categorized below to give an indication of the level of risk assumed by the county at year-end. Category 1 includes investments that are insured or registered or the securities are held by the county or by the county's agent in the county's name. Category 2 includes uninsured and unregistered investments where the securities are held by the financial institution in the county's name. Category 3 includes uninsured and unregistered investments where the securities were held by the financial institution, but not in the county's name.

Types of Investments	Category 1	Carrying Amount	Market Value
Federal Home Loan Mortgage Corporation Discount Notes	\$ 3,580,440	\$ 3,580,440	\$ 3,580,440
Federal National Mortgage Association Discount Notes	299,636	299,636	299,636
Totals	<u>\$ 3,880,076</u>	<u>\$ 3,880,076</u>	<u>\$ 3,880,076</u>

Note 4. Jail Commissary Fund

Jail Commissary operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Commissary Fund. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail commissary operations.

The Jail Commissary Fund is included in Campbell County's approved budget and the County Treasurer prepares the Jail Commissary Fund financial statements. During the Fiscal Year Ending June 30, 2001, the Campbell County Jail Commissary Fund received \$380,163 and expended \$421,446. The Jail Commissary Fund reported June 30 ending balances of \$160,013 and \$118,730 for 2000 and 2001 respectively.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

CAMPBELL COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2001

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 11,977,835	\$ 8,398,534	\$ (3,579,301)
Road and Bridge Fund	1,745,636	875,480	(870,156)
Jail Fund	2,294,319	1,157,611	(1,136,708)
Local Government Economic Assistance Fund	16,100	5,688	(10,412)
Occupational Employment Tax Funds-			
TANK Tax Fund	3,509,373	6,241,618	2,732,245
Mental Health Tax Fund	557,500	633,733	76,233
Senior Citizens Tax Fund	274,200	315,592	41,392
<u>Special Revenue Fund Type</u>			
Emergency Shelter Grant Fund	10,000	10,000	
Waterline Grant Fund	975,500	568,780	(406,720)
Public Safety Communications Center Fund	300,000	87,369	(212,631)
Totals	<u>\$ 21,660,463</u>	<u>\$ 18,294,405</u>	<u>\$ (3,366,058)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 21,660,463
Add: Budgeted Prior Year Surplus			1,880,080
Less: Other Financing Uses			<u>(4,342,048)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 19,198,495</u>

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SCHEDULE OF OPERATING REVENUE

CAMPBELL COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2001

<u>Revenue Categories</u>	Totals (Memorandum Only)	<u>GOVERNMENTAL FUND TYPES</u>	
		<u>General Fund Type</u>	<u>Special Revenue Fund Type</u>
Taxes	\$ 11,591,427	\$ 11,504,058	\$ 87,369
Excess Fees	587,276	587,276	
Licenses and Permits	144,772	144,772	
Intergovernmental Revenues	3,928,407	3,349,766	578,641
Charges for Services	297,703	297,703	
Miscellaneous Revenues	963,920	963,920	
Interest Earned	780,900	780,761	139
Total Operating Revenue	<u>\$ 18,294,405</u>	<u>\$ 17,628,256</u>	<u>\$ 666,149</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

CAMPBELL COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2001

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 7,253,490	\$ 5,884,532	\$ 1,368,958
Protection to Persons and Property	4,235,354	4,042,451	192,903
General Health and Sanitation	270,084	245,632	24,452
Social Services	178,374	164,595	13,779
Recreation and Culture	269,870	248,761	21,109
Roads	1,453,242	1,356,244	96,998
Bus Services	374,800	374,783	17
Debt Service	207,255	204,403	2,852
Capital Projects	131,400	109,543	21,857
Administration	3,484,126	2,544,515	939,611
Total Operating Budget - All General Fund Types	\$ 17,857,995	\$ 15,175,459	\$ 2,682,536
Other Financing Uses:			
Transfers to Public Properties Corporation -			
Debt Service Requirements	442,048	442,048	
Borrowed Money-			
Tax Anticipation Note - Principal	3,900,000	3,900,000	
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 22,200,043</u>	<u>\$ 19,517,507</u>	<u>\$ 2,682,536</u>

CAMPBELL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 2001
 (Continued)

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
Protection to Persons and Property	\$ 300,000	\$	\$ 300,000
Social Services	10,000	10,000	
Capital Projects	1,030,500	622,940	407,560
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 1,340,500</u>	<u>\$ 632,940</u>	<u>\$ 707,560</u>
TOTAL OPERATING BUDGET - ALL FUND TYPES	<u>\$ 19,198,495</u>	<u>\$ 15,808,399</u>	<u>\$ 3,390,096</u>
TOTAL BUDGET - ALL FUND TYPES	<u>\$ 23,540,543</u>	<u>\$ 20,150,447</u>	<u>\$ 3,390,096</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Steve Pendery, Campbell County Judge/Executive

Members of the Campbell County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Campbell County, Kentucky, as of and for the year ended June 30, 2001, and have issued our report thereon dated April 25, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Campbell County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Campbell County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 25, 2002

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Steve Pendery, Campbell County Judge/Executive
Members of the Campbell County Fiscal Court

Report On Compliance With Requirements
Applicable To Each Major Program And On Internal
Control Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Campbell County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. Campbell County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Campbell County's management. Our responsibility is to express an opinion on Campbell County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Campbell County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Campbell County's compliance with those requirements.

In our opinion, Campbell County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance

The management of Campbell County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Campbell County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 25, 2002

FINDINGS AND QUESTIONED COSTS

CAMPBELL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2001

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Campbell County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Campbell County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Campbell County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Campbell County reported in Part C of this schedule.
7. The programs tested as major programs were: Section Eight Existing Housing Program, CFDA #14.156, Housing Voucher Program, CFDA #14.177, and HUD Section 236 Direct Loan, CFDA #14.138.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Campbell County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None.

NONCOMPLIANCES

None.

PRIOR YEAR FINDINGS FINANCIAL STATEMENTS AUDIT

Reference Number 2000-1

The County Should Maintain Proper Documentation For Receipts And Make Daily Deposits

This finding has been corrected.

Reference Number 2000-2

The Jailer Should Prepare Daily Cash Checkout Sheets

This finding has been corrected.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM
AUDIT

None.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CAMPBELL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2001

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Cash Programs:		
<u>U.S. Department of Housing and Urban Development</u>		
Direct Programs:		
Section Eight Existing Housing Program (CFDA #14.156) (Note 2)	KY 136CE	\$ 120,942
Housing Voucher Program (CFDA #14.177) (Note 2)	KY 136VO	2,279,605
Section 236 Direct Loan (CFDA #14.138) (Note 2)	N/A	731,315
Section 201 Flexible Subsidy Loan (CFDA #14.164) (Note 2)	N/A	151,464
Section Eight Housing Assistance Payments (CFDA #14.859) (Note 2)	N/A	69,287
Passed-Through State Department for Local Government:		
Emergency Shelter Grants Program (CFDA #14.231)	S00DC21-001	10,000
Community Development Block Grants - Campbell County Water Expansion Project (CFDA #14.228)	B-98-DC-21-0001(007)	<u>568,641</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 3,931,254</u>

U.S. Department of Justice

Direct Programs:		
Bulletproof Vest Program (CFDA #16.607)	N/A	\$ 677

CAMPBELL COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Fiscal Year Ended June 30, 2001
 (Continued)

U.S. Department of Justice (Continued)

Direct Programs: (Continued)

Office of Community Oriented Policing
 Services - Universal Hiring Program
 (CFDA #16.710)

KY0190200 \$ 57,306

Passed-Through State Department of:
 Juvenile Justice:

Title V Delinquency Prevention Program
 (CFDA #16.548)

2000-JP-FX-0921(25-1) 31,598

Total U.S. Department of Justice \$ 89,581

U.S. Department of Transportation

Passed-Through State Justice Cabinet:
 Highway Safety Standards Branch
 Program (Traffic Enforcement to Reduce
 Accidents) (CFDA #20.600)

PT-99-05/PT-00-08 \$ 10,852

U. S. Federal Emergency Management Agency

Passed-Through State Department
 of Military Affairs:
 Disaster and Emergency
 Assistance Grants
 (CFDA #83.503)

N/A \$ 31,304

Total Cash Expenditures of Federal Awards \$ 4,062,991

CAMPBELL COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2001

Note 1 - Basis of Presentation

This schedule is presented on a modified cash basis.

Note 2 - The Campbell County Section Eight Existing Housing, Housing Voucher Program, Section 236 Direct Loan, Section 201 Flexible Subsidy Loan, and Section Eight Housing Assistance Payments were audited by other auditors. Compliance testing was performed by those auditors whose reports can be located in Appendices B through E.

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CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

CAMPBELL COUNTY FISCAL COURT


Fiscal Year Ended June 30, 2001

Appendix A

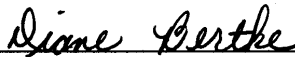
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
CAMPBELL COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

The Campbell County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Steve Pendery
Campbell County Judge/Executive



Diane Bertke
Campbell County Treasurer

[Please click here to go to this report:](#)

CPA REPORT OF THE CAMPBELL COUNTY HOUSING ASSISTANCE PROGRAM

[Please click here to go to this report:](#)

**CPA REPORT OF THE CAMPBELL COUNTY PARKS
CORPORATION AND PUBLIC PROPERTIES CORPORATION**

[Please click here to go to this report:](#)

CPA REPORT OF THE A. J. JOLLY PARK

[Please click here to go to this report:](#)

CPA REPORT OF THE CAMPBELL COUNTY LAKESIDE
TERRACE APARTMENTS HUD PROJECT NO. 083-44012-236